

GENERAL ACCOUNTING OFFICE LEGISLATION

AUGUST 19, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HOLIFIELD, from the Committee on Government Operations, submitted the following

REPORT

[To accompany H.R. 12113]

The Committee on Government Operations, to whom was referred the bill (H.R. 12113) to revise and restate certain functions and duties of the Comptroller General of the United States, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment strikes out all after the enacting clause and inserts a substitute text which appears in the reported bill in italic type as well as in the appendix of this report.

DIVISIONS OF THE REPORT

Summary and purpose.

Committee amendment.

Committee vote.

Hearings.

Titles of the bill:

Title I—Statistical Sampling Procedures in the Examination of Vouchers.

Title II—Audit of Transportation Payments.

Title III—Audit of Nonappropriated Fund Activities.

Title IV—Employment of Experts and Consultants.

Title V—General Accounting Office Building.

Title VI—Audit of Government Corporations.

Title VII—Revision of Annual Audit Requirements.

Title VIII—Limitation of Time on Claims and Demands.

Estimated costs and savings.

Section-by-section analysis.

Changes in existing law made by the bill, as reported.

Appendix: Text of committee bill as reported.

SUMMARY AND PURPOSE

H.R. 12113, titled "General Accounting Office Act of 1974," revises and restates certain functions and duties of the Comptroller General. The purpose is to permit more productive use of resources in the General Accounting Office and give fuller recognition to its role as a legislative rather than an executive agency. To this end, the bill eliminates excessive audit requirements, realigns certain functions as between the General Accounting Office and the executive agencies, and conforms the statute of limitations for the filing of claims in the General Accounting Office to that established for the filing of claims in the Court of Claims.

As amended, the bill contains 8 titles as follows:

- Title I—Statistical Sampling Procedures in the Examination of Vouchers.
- Title II—Audit of Transportation Payments.
- Title III—Audit of Nonappropriated Fund Activities.
- Title IV—Employment of Experts and Consultants.
- Title V—General Accounting Office Building.
- Title VI—Audit of Government Corporations.
- Title VII—Revision of Annual Audit Requirements.
- Title VIII—Limitation of Time on Claims and Demands.

Each of these titles deals with a discrete area and is discussed separately below with reference to specific need, justification, background, problems, and committee revisions.

COMMITTEE AMENDMENT

In the course of subcommittee and committee consideration, several changes were made in H.R. 12113. These are incorporated in a new text in the form of a single committee amendment to H.R. 12113, which strikes out all after the enacting clause and inserts the new language. The committee amendment is shown in the appendix.

COMMITTEE VOTE

At a meeting of the full Committee on Government Operations on August 15, 1974, a quorum being present, H.R. 12113, as amended, was approved unanimously by voice vote.

HEARINGS

H.R. 12113 was introduced on December 21, 1973, at the request of the Comptroller General. The Legislation and Military Operations Subcommittee held hearings on the bill on June 5 and 6, 1974. Testimony and statements were presented by the Comptroller General and GAO staff personnel, and by representatives of the Office of Management and Budget, the General Services Administration, and the Department of Defense. Specific details of their views are included in the discussion of each title of the bill. In general they supported the bill or posed issues which your committee has endeavored, where possible, to accommodate and reconcile by its amendment.

TITLES OF THE BILL

TITLE I—STATISTICAL SAMPLING PROCEDURES IN THE EXAMINATION OF VOUCHERS

Existing law authorizes statistical sampling procedures for the examination of disbursing vouchers for amounts of less than \$100 (31 U.S.C. 82b-1(a)). Title I increases the ceiling to such amounts as may be prescribed from time to time by the Comptroller General.

As pointed out in testimony by Elmer B. Staats, Comptroller General of the United States,¹ the present law was enacted in August 1964; since then the consumer price index has risen from 93 to 144 in 1974; and the number of vouchers eligible for sampling audit procedures has dropped from 65 percent to 51 percent in 1971. As a result, agency savings available through sampling audit procedures have fallen and only 12 agencies were using sampling procedures in 1971. Estimated savings were in excess of \$1.5 million for these 12 agencies. Raising the ceiling to \$250 would increase the savings by about 35 percent, and additional savings would be achieved as other agencies found it worthwhile to adopt the sampling procedures.

To avoid the lengthy process of changing a statutory ceiling by legislation to correspond with inflationary trends, the bill authorizes the Comptroller General to change the limit from time to time. It also requires the Comptroller General to evaluate the adequacy and effectiveness of an agency's use of sampling audit procedures. Thus each agency would have to demonstrate economies in its use of sampling audit procedures within the limits established by the Comptroller General.

Title I is supported by the executive agencies. In the judgment of your committee, it will achieve substantial savings in manpower and administrative costs without undue risk of unwarranted expenditures.

TITLE II—AUDIT OF TRANSPORTATION PAYMENTS

Summary

Title II of the bill, as amended, transfers responsibility for making initial audits of transportation vouchers from the General Accounting Office to the General Services Administration. The General Accounting Office, however, retains authority to conduct final audits in accordance with the Budget and Accounting Act of 1921 (31 U.S.C. 41) and the Accounting and Auditing Act of 1950 (31 U.S.C. 65). Within prescribed time limits, transportation carriers and forwarders may request review of an administrative audit by the Comptroller General.

In effect, title II makes the division of responsibility for transportation audits between the General Accounting Office and the executive branch comparable to that established for other Government disbursements, such as for procurement contracts, pay, and allowances,

¹ H.R. 12113, H.R. 12181, and H.R. 14718, "Bills Relating to the General Accounting Office," hearings before a subcommittee of the Committee on Government Operations, House of Representatives, 93d Cong., 2d sess., June 5 and 6, 1974 (hereinafter cited as "hearings"), pp. 31-32.

where initial audit is conducted by the executive agency, subject to final audit by the General Accounting Office.

Need

The Comptroller General testified as follows:²

The basic reason for proposing the transfer of this operation is that by its very nature it is primarily an operating function of the executive branch. Almost all of the transportation costs of the government are incurred by executive branch agencies in the course of carrying out their operations.

This being the case, the responsibility for determining that the charges billed are technically correct belongs to the branch of government that procures the transportation services. Under the policy established in the Budget and Accounting Procedures Act of 1950, this is true for payments for all other types of services and it should apply to transportation, as well.

The detailed transportation audit function is simply not consistent with the general purposes, objectives and responsibilities of the GAO as they have been modernized over the past 25 years. Its primary emphasis is now on evaluating the efficiency, economy, and effectiveness of executive agency management performance and on assisting the Congress in its legislative and oversight work.

Responsibility for the detailed audit of transportation expenditures should be vested in the executive branch, subject to overall review by the GAO. This change would conform this large area of Federal expenditure to the same concept of executive management control subject to GAO post audit that applies to all other categories of expenditures.

It would appear, from the Comptroller General's testimony, that the placement of the initial audit function in the General Accounting Office is an anachronism going back to 1940, when there was a need to expedite payment of transportation vouchers, and the General Accounting Office was much more involved in detailed audits of agency expense vouchers. This function is no longer compatible with the change in the role of the General Accounting Office made by the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 65), or with the policy then established for the transfer of operating functions from the General Accounting Office to the executive agencies.³

Agency Views

Representatives of the Office of Management and Budget and the General Services Administration supported the transfer of the transportation audit function from the General Accounting Office. The Department of Defense opposed title II in its original "open-ended

² Hearings, p. 33.

³ Hearings, pp.40 and 41.

form" under which one or more agencies could be designated by the Office of Management and Budget to take over the function. However, the Department of Defense has no objection to title II as revised by the committee, designating the General Services Administration as the transferee agency.

Committee Revisions

1. During the hearings there was general agreement by agency representatives that the transportation audit function should remain centralized in one executive agency, and that the General Services Administration was the appropriate agency to take over the basic responsibility.⁴ Centralized operation is required in the interest of efficiency, effectiveness, and economy because of the numerous tariffs, schedules, and rulings involved and the scarcity of the highly specialized skills required. Carriers also consider it essential to deal with one agency in resolving questions of interpretation and application of rates. The Air Transport Association opposed transfer from the General Accounting Office until it was made clear that the function would be centralized in one executive agency.

Assignment of the function to the General Services Administration is compatible with its responsibilities and organization. Ronald E. Zechman, Acting Associate Administrator, General Services Administration, testified:⁵

* * * We believe that, on the whole, the bill would place basic responsibility for auditing with executive branch agencies—where we believe it belongs—leaving the General Accounting Office in a position to carry out its proper oversight responsibilities over the executive branch.

* * * * *
Should the bill be enacted and the transportation audit be assigned to GSA, it would complement our Government-wide transportation mission. In our statutory role of traffic manager for the civilian agencies, GSA provides a variety of transportation management programs designed to accomplish the most efficient and economical use of the various freight and passenger modes.

GSA also maintains a master tariff library which is utilized in serving Federal agencies requiring freight rate and passenger fare determinations, as well as routing, freight classification, and related technical data.

The committee agrees that the basic responsibility should remain centralized and should be vested in the General Services Administration. Accordingly, the committee amendment includes a change in section 201(a) to specify the General Services Administration as the transferee agency, in lieu of providing for the Director of the Office of Management and Budget to designate the transferee agency. Transfer of the function to the General Services Administration, in combination with the provisions for transfer of experienced personnel from the General Accounting Office and for carriers to appeal adverse

⁴ Hearings, p. 42.
⁵ Hearings, p. 68.

decisions to the Comptroller General, assure that the audit operation will be carried on with the same technical competence and impartiality shown by the General Accounting Office.

2. During the hearings, there was agreement that flexibility was needed to continue present arrangements for the performance of transportation audits by other agencies in exceptional cases, such as the audit of overseas transportation vouchers by Department of Defense offices in Heidelberg and Tokyo. Accordingly, the committee amendment includes authorization in section 201(a) for the Administrator of General Services to delegate his audit authority in exceptional cases "pursuant to regulations prescribed by him." The latter language is intended to assure carriers that audits will be conducted to the extent practicable under a common set of procedures and forms.

3. To provide additional protection for transferred employees, the committee amendment includes changes in section 202, first to require consultation by the Director of the Office of Management and Budget and by the Comptroller General with the Chairman of the U.S. Civil Service Commission with regard to personnel to be transferred; and second, to guarantee transferred employees that they would not be reduced in pay or classification for 1 year after their transfer, except for cause, and thereafter they would have longevity and other employee benefits under 5 U.S.C. 5337 to the same extent as if they had remained employees of the General Accounting Office. In addition, section 203 is changed to allow a longer time (July 1, 1977, in place of July 1, 1976) to make the transfer and to prohibit transfer of employees before July 1, 1975.

4. Section 203 is changed to permit the Comptroller General and the Administrator of General Services to agree upon a date prior to July 1, 1977 (but, for personnel, not before July 1, 1975) as the effective date for transfer of audit functions, and to require advance publication of the effective date in the Federal Register.

5. Other conforming changes are made in title II.

Employee Concerns

Approximately 400 employees would be transferred from the General Accounting Office to the General Services Administration to continue performing the transportation audit functions. A memorandum submitted to the subcommittee by the Black Caucus in the General Accounting Office expressed concern that job security and opportunities for advancement of transferred employees could be adversely affected. If the transfer were to be effected, the memorandum urged that there be careful advance planning in consideration of employee interests.⁶

Recognizing these employee concerns and desiring to assure job protection and opportunities for advancement, your committee has written specific provisions into the bill to allow ample time for advance planning and to protect employee rights and privileges. Up to 3 years are allowed for the transition. No personnel may be transferred before July 1, 1975. Employees who are transferred to the Gen-

⁶ Hearings, p. 55.

eral Services Administration will continue to have employment and other rights equivalent to those afforded in the General Accounting Office. During the hearings, the subcommittee received assurances from the General Accounting Office, the General Services Administration, and the Office of Management and Budget that careful consideration would be given to the protection of employee rights and privileges.⁷

TITLE III—AUDIT OF NONAPPROPRIATED FUND ACTIVITIES

Summary

Title III of the bill makes nonappropriated fund activities, such as the military exchanges, subject to audit by the Comptroller General and gives him authority to inspect records and property and obtain copies of annual reports.

Need

Nonappropriated fund activities of the executive agencies such as the military exchanges are "big business" involving substantial expenditures. From time to time, problems have arisen in the administration of these activities, and the Congress has called upon the General Accounting Office to conduct audits. Numerous reports on such audits have been presented by the Comptroller General to the House Committee on Appropriations and the House Committee on Banking and Currency.⁸

Though financed by nonappropriated funds, activities such as military exchanges are considered Government instrumentalities partaking of its sovereign immunities,⁹ and subjecting the Government to liability under the Federal Tort Claims Act.¹⁰ Accordingly, the Congress and the executive branch should have the same assurance that their affairs are being properly conducted and supervised as is provided for other Government activities by audits of the General Accounting Office.

As the Comptroller General made clear in his testimony,¹¹ GAO audits will not be a substitute for the regular internal and outside audits obtained by the agencies, but will be conducted on a selected basis to test the accuracy of agency audit procedures and controls, and to investigate specific problems.

Agency Views

Representatives of the Office of Management and Budget, the General Services Administration, and the Department of Defense interposed no basic objection to giving GAO review authority over nonappropriated fund activities but raised a number of questions with respect to specific provisions. In all major respects, these have been accommodated by the committee amendment.

⁷ Hearings, pp. 52, 75, and 107.

⁸ Hearings, p. 33.

⁹ *Standard Oil Co. v. Johnson*, 316 U.S. 481, 1942.

¹⁰ See *Fourneer v. U.S.*, 220 F. Supp. 752 (S.E. Miss., 1963).

¹¹ Hearings, p. 34.

Committee Revisions

1. The Office of Management and Budget representative, Charles F. Bingman, Deputy Associate Director, questioned the scope of "non-appropriated funds and related activities," as used in the original subsection 301(a). The Comptroller General made it clear that there was no intent under this provision to cover such nonappropriated activities as the Smithsonian Institution or Federal credit unions. Accordingly, he offered an amendment, which the committee adopted with slight modification, to limit nonappropriated fund activities to those "authorized or operated by an executive agency to sell merchandise or services to military or other government personnel and their dependents." As so amended, subsection 301(a) is acceptable to the Office of Management and Budget.

2. A question having arisen as to whether the original subsection 301(a) provision for access to records by the Comptroller General would extend to the records of contractors doing business with non-appropriated fund activities,¹² the committee amendment includes a clarifying change to limit access to the records "of funds and activities within this subsection." Thus the Comptroller General, under this provision, will not have direct access to the records of contractors supplying goods and services to nonappropriated fund activities.

3. Administration witnesses objected to the original form of subsection 301(b) on the ground that it would require agencies to change the format of the annual reports of nonappropriated fund activities and to furnish such reports in all cases without regard to the size of the activity. They regarded this as an unwarranted paperwork burden.

In response, the committee amendment includes a revision of subsection 301(b) reading as following:

(b) When required by the Comptroller General for such nonappropriated fund and related activities with gross receipts from sales or more than \$100,000 a year as he may designate by class, or upon specific request of the Comptroller General in any other case, each executive agency shall furnish promptly a copy of the annual report of any nonappropriated fund or related activity referred to in subsection (a). If such information is not included in any activity's annual report, such agency shall also furnish a statement showing the yearly financial operations, financial condition, and cash flow, and such other annual information relating to the activity as may be agreed upon by the Comptroller General and the head of the executive agency concerned.

Under this subsection as revised, the Comptroller General may obtain copies of annual reports without change in format, but supplemented by annual financial information that in any case should be contained in annual reports. Such reports are to be obtained regularly only from major activities with sales of more than \$100,000 a year. For smaller activities, the Comptroller General may obtain the annual report only upon specific request. These limitations should accommodate the major concerns of the agencies.

¹² Hearings, p. 82.

TITLE IV—EMPLOYMENT OF EXPERTS AND CONSULTANTS

Summary

Title IV has two purposes. First, it provides continuing authority for the Comptroller General to employ experts and consultants as authorized by 5 U.S.C. 3109. That statute provides authorization and procedures for the hiring of experts and consultants by all Government agencies, but under its own terms it becomes operative only "when authorized by an appropriation or other statute." Title IV would provide such "other statute" on a permanent basis and make it unnecessary for the Comptroller General repetitively to seek and be granted such authority in annual appropriation acts.

Second, title IV grants special authority for the Comptroller General to employ 10 experts and consultants, for periods not in excess of 3 years, at rates up to executive level V (\$36,000 a year).

Need

1. Continuing authorization or employment of experts and consultants has become a standard and practically "boilerplate" provision of recent statutes establishing new agencies. Such continuing authorization should be extended equally to the General Accounting Office. Repetitive authorization has been a regular part of the GAO annual appropriations for years. See, for example, Legislative Branch Appropriation Act, 1974 (Public Law 93-145) and Legislative Branch Appropriation Act, 1969 (Public Law 90-417). Permanent authorization would eliminate what appears to be "pro forma" legislation returned each year. The Commission on Government Procurement identified some 90 Appropriation Act provisions authorizing employment of experts and consultants as one of the groups of statutes which could be "condensed, simplified, and harmonized."¹³

2. In support of the authorization to employ 10 experts and consultants at executive level V rates, the Comptroller General testified that GAO is unique among Federal agencies in that it is called on to perform tasks covering nearly the entire range of skills needed by the Federal Government, even though they are often required for only the relatively short period it may take to complete a particular program review. He went on to conclude:¹⁴

The present restrictions on the acquisition of experts and consultants thus present very real obstacles for the GAO in its quest for the best available talent to serve the needs of Congress and discharge its increasingly more diverse and complex responsibilities. It is for this reason that provision of the proposed legislation is needed.

Your committee recognizes that the Comptroller General, in responding to congressional requests for studies, investigations, and reports on numerous complex subjects, has a special need for experts and consultants, and therefore provides the requested authorization.

¹³ Report of the Commission on Government Procurement (Dec. 31, 1972), vol. 4, pp. 179 and 184.

¹⁴ Hearings, p. 34.

In allowing compensation for up to 10 experts and consultants at level V, we follow the precedent in the Congressional Budget and Impoundment Control Act of 1974, Public Law 93-344, section 702. This departs from the usual practice in the executive branch of compensating experts and consultants at a rate equivalent to GS-18. At present, and for some time, GS-18 and executive level V compensation has been the same (\$36,000 per annum), but executive level V compensation will be higher if pay schedules are adjusted. Your committee believes that the executive level V is in keeping with the precedent of Public Law 93-344 and is justified in this instance.

Agency Views

Title IV as amended is supported by the Comptroller General. The Office of Management and Budget questioned the General Accounting Office's need to pay executive level V compensation to 10 experts and consultants and to exempt them from the dual compensation and other restrictions.¹⁵ However, as the OMB representative recognized, there are instances where employment of experts and consultants at executive level rates has been found necessary and authorized for the Executive Office of the President.

On balance, the committee agrees with the Comptroller General that his office also has a serious problem in obtaining experts and consultants of the caliber needed for the important programs serving the needs of Congress, and this problem should be alleviated to the limited extent provided by title IV as amended.

Committee Revision

The committee amendment revises section 401 to limit executive level V pay to 10 experts and consultants, restrict their employment to 3 years, and eliminate an exemption from dual compensation and other statutes affecting employment of personnel.

TITLE V—GENERAL ACCOUNTING OFFICE BUILDING

Summary

Title V as amended transfers custody and control of the General Accounting Office Building from the General Services Administration to the Comptroller General. Other agencies occupy approximately one-half of the building and therefore title V authorizes the Comptroller General to enter into agreements with such other agencies for occupancy of the building at mutually agreeable rates, with the proceeds to be credited to appropriations for operation, repair, authorization and maintenance of the building.

Need

The Comptroller General justifies title V as follows:¹⁶

Insofar as the headquarters office is concerned, this would put GAO in a position generally comparable to the Government Printing Office, the Library of Congress, and the Architect of the Capitol.

* * * * *

¹⁵ Hearings, p. 105.

¹⁶ Hearings, p. 35.

The GAO is now the only agency of the legislative branch whose headquarters space is under the jurisdiction of the GSA. We believe that managing our own building would be consistent with the pattern established for other parts of the legislative branch. Moreover, we believe that we should be completely free of any concern that GAO audit results are affected in any manner by differences of opinion which we may have from time to time as to providing our space needs and the audit of GSA space activities generally.

For example, the implementation of the new Federal building fund in fiscal year 1975 is already proving to be quite controversial because of the increased charges which are being placed upon agencies, including the GAO.

We believe that our status as an arm of the legislative branch with responsibility for giving the Congress our objective views with respect to programs of the executive branch would be enhanced if we had responsibility for meeting our own space requirements.

The General Accounting Office estimates savings in its own budget of approximately \$2 million a year, reflecting the difference between the \$5.70 a foot it cost in the past and the \$6.63 a foot which is the new standard level user charge fixed by the General Services Administration as the rate equivalent to the "approximate commercial charges" prescribed by Public Law 92-313.

Although your committee endorses the concept of central management of Federal office space by the General Services Administration, it believes that a valid exception can be made for the headquarters building of the General Accounting Office, which is within the legislative branch of the Government.

Agency Views

The General Services Administration, with the support of the Office of Management and Budget, opposes title V.¹⁷ In the view of the General Services Administration, assignment of custody and control over the GAO building to the General Accounting Office, when half the space is occupied by executive agencies, would be contrary to the purpose of Public Law 92-313 in prescribing standard level user charges and establishing the public building fund.

Committee Revision

Whereas your committee believes, as noted above, that a valid exception can be made for the headquarters building of the General Accounting Office, we do not believe that this exception should extend to space outside the headquarters building, including field offices. Accordingly, the committee amendment includes deletion of a sentence in section 501 which would have authorized the Comptroller General to lease additional space in or outside of the District of Columbia.

¹⁷ Hearings, p. 69.

TITLE VI—AUDIT OF GOVERNMENT CORPORATIONS

TITLE VII—REVISION OF ANNUAL AUDIT REQUIREMENTS

Both titles VI and VII have as their purpose relaxation of the present requirements for annual audits of certain Government corporations and agencies and substitution of a requirement for audit at least once every 3 years. The Government agencies and activities affected are those governed by the Government Corporation Control Act (31 U.S.C. 850, 851, 857, 858), the Federal Deposit Insurance Act (12 U.S.C. 1827 (b), (c)), the Federal Crop Insurance Act (7 U.S.C. 1513), the Housing and Urban Development Act of 1968 (12 U.S.C. 1701y(g)), the District of Columbia Redevelopment Act of 1945 (60 Stat. 801), the Federal Aviation Act of 1958 (49 U.S.C. 1537(f)), the Housing Act of 1950 (12 U.S.C. 1749a(a)(2)), the Federal Credit Union Act (12 U.S.C. 1789(b)(2)), the General Supply Fund of the General Services Administration (40 U.S.C. 756(e)), the Bureau of Engraving and Printing Fund (31 U.S.C. 181d), the Veterans Canteen Service (38 U.S.C. 4207), the Higher Education Insured Loan Program (20 U.S.C. 1082(b)(2)), and the Government Printing Office (44 U.S.C. 309(c)).

The Comptroller General considers an audit once every 3 years generally adequate to fulfill the purpose of congressional oversight of these agencies and activities.¹⁸ The reduction will allow him to make more effective use of his resources to handle his total work load. He emphasizes that these provisions give him discretion to make audits more frequently where he finds it necessary and in this regard he would consider the special interests of Congress.

The committee agrees that less frequent routine audit demands on the GAO would bring increased support for Congress and more efficient operations within the General Accounting Office.

Agency Views

The agencies generally concur in titles VI and VII. A question raised by the Farm Credit Administration has been accommodated by a committee revision.

Committee Revision

The committee amendment includes a number of technical changes and a revision of section 601(c) to make clear that General Accounting Office audits of mixed ownership corporations are required only as long as Government funds remain invested in them.

TITLE VIII—LIMITATION OF TIME ON CLAIMS AND DEMANDS

Title VIII was added by the committee amendment on the recommendation of the Comptroller General. It reduces the statute of limitations for the filing of claims in the General Accounting Office from 10 years to 6 years. This would make the General Accounting Office statute of limitations consistent with that provided for the filing of

¹⁸ Hearings, pp. 16 and 17.

suits in the Court of Claims and the U.S. district courts (28 U.S.C. 2501, 2401).

As the Comptroller General testified,¹⁹ the change will affect only about 40 claims a year, but will save about \$300,000 a year in record storage costs. In the judgment of the committee, 6 years affords sufficient time for claimants to act, and extended protection afforded by a 10-year statute of limitations, for about 40 claims a year, does not warrant retention of records at a cost of \$300,000 a year, particularly when the claimant would not be entitled to sue in court if his claim is rejected by the General Accounting Office.

The change will not take effect for 1 year after enactment of the bill. This provides a 1-year period of grace for the filing of claims after claimants are put on notice that they will be barred by a 6-year statute of limitations if they do not act promptly.

Other agencies are not directly affected by title VIII. The committee solicited views from the responsible committees of the American Bar Association and the Federal Bar Association. There was not sufficient time to obtain the official views of the associations. However, a number of members expressed individual views supporting or interposing no objection to title VIII but recommending a 1-year grace period rather than a 6-month grace period as originally proposed by the Comptroller General. The committee amendment accommodates this recommendation.

ESTIMATED COSTS AND SAVINGS

No significant costs are associated with this legislation. Net savings can be expected to accrue in the first year of enactment, and similar amounts will be saved in each of the five succeeding years, according to information received from the General Accounting Office.

Substantial savings, probably in excess of \$1 million annually, will result from full implementation of the revised statistical sampling procedures authorized in title I and the reduced period for filing claims in GAO provided by title VIII. Relatively small additional amounts will be saved annually from workload reductions resulting from implementation of titles VI and VII relating to the audit of certain Government corporations and revolving funds.

There will be small additional costs incurred for salaries and fees of the 10 experts and consultants authorized to be employed by title IV. The other titles will be relatively neutral in their cost impact.

Your committee concurs in the estimates provided by the General Accounting Office.

SECTION-BY-SECTION ANALYSIS

TITLE I—STATISTICAL SAMPLING PROCEDURES IN THE EXAMINATION OF VOUCHERS

The act of August 30, 1964 (31 U.S.C. 82b-1(a)), authorizes statistical sampling by agencies of disbursement vouchers under \$100. Section 101 of the bill deletes the \$100 limit. Instead, it authorizes

¹⁹ Hearings, p. 38.

the Comptroller General to prescribe the limit from time to time. It also requires the Comptroller General to evaluate the adequacy and effectiveness of agency statistical sampling procedures. The new limit would not be mandatory but would allow agencies discretion to use statistical sampling procedures only to the extent they find it economical and effective.

TITLE II—AUDIT OF TRANSPORTATION PAYMENTS

Title II includes a number of changes to provide for transfer of the general responsibility for the initial auditing of transportation payments from the General Accounting Office to the General Services Administration. The General Accounting Office will continue to have final audit responsibility and related functions as provided by the Budget and Accounting Act of 1921 (31 U.S.C. 41) and the Accounting and Auditing Act of 1950 (31 U.S.C. 65).

Paragraph 1 of section 201 of the bill amends subsection 322(a) of the Transportation Act of 1940 (49 U.S.C. 66) to transfer the preliminary transportation audit responsibilities from the General Accounting Office to the General Services Administration. It provides specifically for retention of the authority of the GAO to make audits under the Budget and Accounting Act of 1921 (31 U.S.C. 41) and the Accounting and Auditing Act of 1950 (31 U.S.C. 65). The paragraph also provides for the designation by the General Services Administration of other agencies to conduct such audits for transportation outside the continental United States or in other exceptional cases. This provides flexibility for the continuance by the General Services Administration of present arrangements which the GAO has found necessary for the auditing of the overseas transportation payments by overseas offices and in other exceptional cases. Audits under such delegated authority must be conducted pursuant to regulations prescribed by the General Services Administrator. The purpose is to assure that carriers will be confronted so far as practical by a common set of audit procedures and forms.

Paragraph 2 of section 201 of the bill makes conforming changes.

Paragraph 3 of the bill reletters existing subsections of section 322 of the Transportation Act of 1940 and adds a new subsection (b) which authorizes carriers to request the General Accounting Office to review any audit action taken by the General Services Administration or a designated agency. Such request must be filed either within the 3-year period now provided by section 322 for the filing of the transportation audit claims in the General Accounting Office, or within 6 months after the General Services Administration or other designated agency takes action on the claim, whichever is later. In effect, carriers will not have to file their claims directly with the General Accounting Office if they file them with the General Services Administration or another designated agency and thereafter take an appeal to the General Accounting Office within 6 months after agency action is completed.

Subsection 202(a) provides for the transfer of records, property, personnel, appropriations, and other funds incident to the transfer of the transportation audit function. Determinations with respect thereto

are to be made jointly by the Director of the Office of Management and Budget and the Comptroller General after consultation with the Administrator of General Services and, in the case of personnel, with the Chairman of the U.S. Civil Service Commission. The latter requirement is intended to assure appropriate advice from the Civil Service Commission to safeguard the interests of transferred personnel.

Subsection 202(b) guarantees transferred personnel against any loss in pay or classification for 1 year after transfer, except for cause. Thereafter, they are given the protection of section 5 U.S.C. 5337 to the same extent as if they had remained employees of the General Accounting Office. 5 U.S.C. 5337 provides for continuance of basic pay for 2 years after an employee is reduced in grade provided he has served in the same agency at the higher grade for 2 years. Thus the 2-year qualification for continuance of basic pay in the event of a reduction in grade will not be interrupted by the transfer from General Accounting Office to the General Services Administration.

Section 203 of the bill provides for the transfer of the transportation audit function to be effective as of a date agreed upon between the Comptroller General and the Administrator of General Services, but not later than July 1, 1977. This allows 3 years to plan and prepare for the transfer. In any case, personnel may not be transferred for 1 year. Notice of the effective date is to be published 30 days in advance in the Federal Register.

TITLE III—AUDIT OF NONAPPROPRIATED FUND ACTIVITIES

Subsection 301(a) makes the operations and funds (including central funds) of nonappropriated fund activities subject to review by the Comptroller General and gives him access to their records and property. As amended, the subsection describes nonappropriated fund activities as those authorized or operated by an agency to sell merchandise or services to military or other Government personnel and their dependents. By way of example, the subsection enumerates the Army and Air Force Exchange Service, Navy exchanges, Marine Corps exchanges, Coast Guard exchanges, exchange councils of the National Aeronautics and Space Administration, commissaries, clubs, and theaters. This makes it clear that only selling activities are subject to General Accounting Office audit under this bill, and agencies such as the Smithsonian Institution and Federal credit unions are excluded. Also, as amended, the provision for General Accounting Office access to records makes clear that it pertains only to records held by nonappropriated fund activities and does not extend to records of contractors doing business with such activities unless they are filed with a nonappropriated fund activity and thereby become part of its records.

Subsection 301(b), as amended, authorizes the Comptroller General to require copies of the annual report of any nonappropriated fund activity he designates. The designation may be made by class in the case of activities having gross receipts from sales of over \$100,000 a year. In other cases, the designation must be made by specific request. If the annual report does not contain information showing yearly financial operations, financial condition and cash flow, a statement of such information must be furnished to the Comptroller General to-

gether with any other information that may be agreed upon between the Comptroller General and the head of the agency concerned. In effect, there will be no new paperwork for the agency apart from furnishing copies of the annual reports of nonappropriated fund activities without change in format or content if they include such basic financial data as the agencies need to have for their own informed management of nonappropriated fund activities.

TITLE IV—EMPLOYMENT OF EXPERTS AND CONSULTANTS

Section 401 first authorizes the Comptroller General to employ experts and consultants as authorized by 5 U.S.C. 3109 at daily rates prescribed for GS-18 civil service employees. 5 U.S.C. 3109 now provides for the employment of experts and consultants "when authorized by an appropriation or other statute." Section 401 constitutes such "other statute" and makes it unnecessary for the Comptroller General to seek such authorization repetitively every year in appropriation acts.

Section 401 also gives the Comptroller General special authority to hire 10 experts and consultants for periods not exceeding 3 years at executive level V compensation. Specific provision for a term of 3 years is necessary to overcome the limitation by 5 U.S.C. 3109 to periods not exceeding one year. Currently there is no difference between executive level V and compensation (\$36,000 a year) and GS-18 compensation (\$36,000 a year), but the distinction may become significant in the future.

TITLE V—GENERAL ACCOUNTING OFFICE BUILDING

Section 501 of the bill transfers responsibility for the custody and control of the General Accounting Office building from the Administrator of General Services to the Comptroller General and authorizes the Comptroller General to enter into agreements with executive agencies for the occupancy of available space in the General Accounting Office building at rates to be agreed upon. The proceeds of such rates will be deposited in appropriations used for the operation, maintenance, repair, and alteration of space occupied by the agencies.

TITLE VI—AUDITS OF GOVERNMENT CORPORATIONS

This title contains a series of amendments to current statutes for the purpose of changing the requirement for the audit of Government corporations from once every year to once every 3 years.

Subsection 601(1) amends section 105 of the Government Corporation Control Act (31 U.S.C. 850) as of July 1, 1974, to require an audit of each wholly owned Government corporation at least once every 3 years.

Subsection 601(2) amends section 106 of such act (31 U.S.C. 851) to delete a requirement for a report to Congress of an annual audit of wholly owned Government corporations and to substitute a requirement for submission of an audit report within 6½ months after the last year covered by a General Accounting Office audit.

Subsections 601 (3) and (4) amend sections 202 and 203 of the Government Corporation Control Act (31 U.S.C. 857, 858) to provide the same treatment for mixed ownership Government corporations as that provided for wholly owned Government corporations under subsections (1) and (2) of section 601.

Section 602 amends subsections 17(b) and 17(c) of the Federal Deposit Insurance Act (12 U.S.C. 1827 (b), (c)), to provide the same treatment for the Federal Deposit Insurance Corporation.

Section 603 amends section 513 of the Federal Crop Insurance Act (7 U.S.C. 1513) to delete the requirement for an annual audit of the Federal Crop Insurance Corporation by the General Accounting Office. That corporation would then be subject to the requirement of an audit at least once every 3 years under the Government Corporation Control Act as amended.

Section 604 amends subsection 107(g) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701y(g)) to provide for audit once every 3 years of the National Home Ownership Foundation.

Section 605 of the bill amends section 17 of the District of Columbia Redevelopment Act of 1945 (60 Stat. 801) by deleting the word "annual" from the requirement for General Accounting Office audit of the National Capitol Housing Authority. In effect, the frequency of audit would be determined by the Comptroller General.

TITLE VII—REVISION OF ANNUAL AUDIT REQUIREMENTS

Title VII eliminates requirements for annual audits of certain revolving funds of Government agencies and makes them subject to audit at the discretion of the Comptroller General in accordance with the Accounting and Auditing Act of 1950 (31 U.S.C. 65).

Section 701, as technically amended, effects such change for the general supply fund of the General Services Administration by amending section 109(e) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 756(e)).

Section 702 effects such change for the war risk insurance fund of the Department of Transportation by amending section 1307(f) of the Federal Aviation Act of 1958 (49 U.S.C. 1537(f)).

Section 703 effects such change for the Bureau of Engraving and Printing fund of the Department of the Treasury by amending a statute codified at 31 U.S.C. 181d.

Section 704 effects such change for the Veterans Canteen fund of the Veterans Administration by amending 38 U.S.C. 4207.

Section 705 effects such change for the student loan insurance fund of the Department of Health, Education, and Welfare by amending section 432(b) (2) of the Higher Education Act of 1965 (20 U.S.C. 1082(b) (2)).

Section 706 effects such change for the urban renewal fund and the college housing fund of the Department of Housing and Urban Development by amending section 402(a) (2) of the Housing Act of 1950 (12 U.S.C. 1749a(a)(2)). This change will affect programs for housing for elderly or handicapped (12 U.S.C. 1701q); rehabilitation loans (42 U.S.C. 1452b); public facility loans (42 U.S.C. 1494); new

community assistance (42 U.S.C. 3912); low rent housing (42 U.S.C. 1417a); riot insurance (12 U.S.C. 1749bbb-17); and transportation grants (49 U.S.C. 1609).

Section 707 effects such change for the National Credit Union Administration fund by amending section 209(b)(2) of the Federal Credit Union Act (12 U.S.C. 1789(b)(2)).

Sections 708 effects such change for the Government Printing Office fund by amending 44 U.S.C. 309(c).

TITLE VIII—LIMITATION OF TIME ON CLAIMS AND DEMAND

Section 801 amends section 1 of the act of October 9, 1940 (31 U.S.C. 237) to reduce the period of time allowed for the filing of claims in the General Accounting Office from "ten full years" to "six years." The change is to be effective 1 year after enactment of the bill. Thereafter claimants will have only 6 years for the filing of claims in the General Accounting Office before they are barred. The 6 years so provided is the same as that allowed for the filing of suits against the United States in the Court of Claims under 28 U.S.C. 2501 and in the U.S. district courts under 28 U.S.C. 2401. Postponent of the effective date for 1 year is provided to assure that claimants will have adequate notice and time for the filing of their claims before they are barred by the curtailed statute of limitations.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

ACT OF AUGUST 30, 1964

AN ACT To permit the use of statistical sampling procedures in the examination of vouchers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, (a) [That, whenever] Whenever the head of any department or agency of the Government or the [Commissioners] Commissioner of the District of Columbia determines that economies will result therefrom, such agency head or the [Commissioners] Commissioner may prescribe the use of adequate and effective statistical sampling procedures in the examination of disbursement vouchers [for amounts of less than \$100] not exceeding such amounts as may from time to time be prescribed by the Comptroller General of the United States; and no certifying or disbursing officer acting in good faith and in conformity with such procedures shall be held liable with respect to any certification or payment made by him on a voucher which was not subject to specific examination because of the prescribed statistical sampling procedure, [provided that] so long as such officer and his department or agency have diligently pursued collection action to recover the illegal, im-

or (3) subsequent refund for overpayment of such charges, or (4) deduction made pursuant to this section, whichever is later.

(b) *Nothing in subsection (a) hereof shall be deemed to prevent any carrier or forwarder from requesting the Comptroller General to review the action on his claim by the General Services Administration or an executive agency designated by the Administrator of General Services. Such request shall be forever barred unless received in the General Accounting Office within six months (not including any time of war) from the date the action was taken or within the periods of limitation specified in the second proviso in subsection (a) of this section, whichever is later.*

[(b)] (c) Pursuant to regulations prescribed by the head of a Government agency or his designee and in conformity with such standards as shall be promulgated jointly by the Secretary of the Treasury and the Comptroller General of the United States, bills for passenger or freight transportation services to be furnished the United States by any carrier or forwarder may be paid in advance of completion of the services, without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529) : *Provided*, That such carrier or forwarder has issued the usual ticket, receipt, bill of lading, or equivalent document covering the service involved, subject to later recovery by deduction or otherwise of any payments made for any services not received as ordered by the United States.

[(c)] (d) The term "head of a Government agency" means any individual or group of individuals having final decisionmaking responsibility for any department, commission, board, service, Government corporation, instrumentality, or other establishment or body in the United States Government.

GOVERNMENT CORPORATION CONTROL ACT

* * * * *

TITLE I—WHOLLY OWNED GOVERNMENT
CORPORATIONS

* * * * *

SEC. 105. The financial transactions of wholly owned Government corporations shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States : *Provided*, That such rules and regulations may provide for the retention at the offices of such corporations, in whole or in part, of any accounts of accountable officers, covering corporate financial transactions, which are required by existing law to be settled and adjusted in the General Accounting Office, and for the settlement and adjustment of such accounts in whole or in part upon the basis of examinations in the course of the audit herein provided, but nothing in this proviso shall be construed as affecting the powers reserved to the Tennessee Valley Authority in the Act of November 21, 1941 (55

proper, or incorrect payment in accordance with procedures prescribed by the Comptroller General. *The Comptroller General shall include in his reviews of accounting systems an evaluation of the adequacy and effectiveness of procedures established under the authority of this Act.*

* * * * *

SECTION 322 OF THE TRANSPORTATION ACT OF 1940

DEDUCTION OF OVERPAYMENTS

Sec. 322. (a) [Subject to such standards as shall be promulgated jointly by the Secretary of the Treasury and the Comptroller General of the United States, payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefor, prior to audit or settlement by the General Accounting Office, but the right is reserved to the United States Government to deduct the amount of any overcharge by any carrier or forwarder from any amount subsequently found to be due such carrier or forwarder.] *Payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefor prior to audit by the General Services Administration, or by any other executive agency designated by the Administrator of General Services to conduct such audit (pursuant to regulations prescribed by him) in cases involving transportation outside the continental United States or in other exceptional cases. The right is reserved to the United States Government to deduct the amount of any overcharge by any carrier or forwarder from any amount subsequently found to be due such carrier or forwarder. The provisions of this subsection shall not affect the authority of the General Accounting Office to make audits in accordance with the Budget and Accounting Act, 1921 (31 U.S.C. 41), and the Accounting and Auditing Act of 1950 (31 U.S.C. 65). The term "overcharges" shall be deemed to mean charges for transportation services in excess of those applicable thereto under tariffs lawfully on file with the Interstate Commerce Commission, the Civil Aeronautics Board, the Federal Maritime Commission, and any State transportation regulatory agency, and charges in excess of those applicable thereto under rates, fares, and charges established pursuant to section 22 of the Interstate Commerce Act, as amended, or other equivalent contract, arrangement, or exemption from regulation: Provided, however, That such deductions shall be made within three years (not including any time of war) from the time of payment of bills: Provided further, That every claim [cognizable by the General Accounting Office] for charges for transportation within the purview of this section shall be forever barred unless such claim shall be received in the General [Accounting Office] Services Administration or an executive agency designated by the Administrator of General Services within three years (not including any time of war) from the date of (1) accrual of the cause of action thereon, or (2) payment of charges for the transportation involved,*

Stat. 775). The audit shall be conducted at the place or places where the accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the first fiscal year commencing after the enactment of this Act. The audit of the Federal Savings and Loan Insurance Corporation shall be conducted on a calendar year basis. *Effective July 1, 1974, each wholly owned Government corporation shall be audited at least once every three years.* An audit for a fiscal year shall be made

least once every three years.

SEC. 106. **[A report of each such audit for a fiscal year shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year (and a report of each such audit for a calendar year shall be made by the Comptroller General to the Congress not later than July 15 following the close of such calendar year).]** *A report of each audit conducted under section 105 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit.* The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of the several corporations, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the corporation concerned at the time submitted to the Congress.

TITLE II—MIXED-OWNERSHIP GOVERNMENT CORPORATIONS

SEC. 202. The financial transactions of mixed-ownership Government corporations for any period during which Government capital has been invested therein shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the

accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the first fiscal year commencing after the enactment of this Act. The audit of the Federal home loan banks shall be conducted on a calendar year basis. *Effective July 1, 1974, each mixed-ownership Government corporation shall be audited as provided herein at least once in every three years.*

SEC. 203. *[A report of each such audit for a fiscal year shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year (and a report of each such audit for a calendar year shall be made by the Comptroller General to the Congress not later than July 15 following the close of such calendar year).] A report of each audit conducted under section 202 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit.* The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expense; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of, and the use of Government capital by, each such corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital or lack of sufficient capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the corporation concerned at the time submitted to the Congress.

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SECTION 17 OF THE FEDERAL DEPOSIT INSURANCE ACT

SEC. 17. (a) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

(b) The financial transactions of the Corporation shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at

the place or places where accounts of the Corporation are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Corporation shall remain in possession and custody of the Corporation. The audit shall begin with financial transactions occurring on and after August 31, 1948. *The Corporation shall be audited at least once in every three years.*

(c) *【A report of the audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year. On or before December 15 following such fiscal year the Comptroller General shall furnish the Corporation a short form report showing the financial position of the Corporation at the close of the fiscal year.】 A report of each audit conducted under subsection (b) of this section shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit.* The report to the Congress shall set forth the scope of the audit and shall include a statement of assets and liabilities and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds and such comments and information as may be deemed necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the Corporation at the time submitted to the Congress.

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SECTION 513 OF THE FEDERAL CROP INSURANCE ACT

ACCOUNTING BY CORPORATION

SEC. 513. The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary of Agriculture a complete report as to the business of the Corporation. *【The financial transactions of the Corporation shall be audited at least once each year by the General Accounting Office for the sole purpose of making a report to Congress, together with such recommendations as the Comptroller General of the United States may deem advisable: Provided, That such report shall not be made until the Corporation shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or*

the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.]

SECTION 107 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

NATIONAL HOMEOWNERSHIP FOUNDATION

SEC. 107. (a) * * *

* * * * *

(g) (1) The financial transactions of the Foundation shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Foundation and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. The audit shall cover the fiscal year corresponding to that of the United States Government. *Such audit shall be made at least once every three years.*

(2) A report of each such audit shall be made by the Comptroller General to the Congress not later than [January 15] *six and one-half months* following the close of the [fiscal] year for which the audit was made] *last year covered by such audit.* The report shall set forth the scope of the audit and shall include a statement of assets and liabilities, capital, and surplus or deficit; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep the Congress informed of the operations and financial condition of the Foundation, together with such recommendations with respect thereto as the Comptroller General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking, observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President and to the Foundation at the time submitted to the Congress.

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SECTION 17 OF THE DISTRICT OF COLUMBIA REDEVELOPMENT
ACT OF 1945

ACQUISITION UNDER DISTRICT OF COLUMBIA ALLEY DWELLING ACT

SEC. 17. From and after the termination of the period of one year, beginning with the date of the approval of this Act, all authority granted by the Act known as the District of Columbia Alley Dwelling

Act, approved June 12, 1934, as amended, to acquire, by purchase, condemnation, or gift, lands, buildings and structures, or any interest therein, is hereby transferred to and vested in the Agency created by this Act. During said one-year period said authority may be exercised by the National Capital Housing Authority only for projects that shall have been approved by the Planning Commission and the District Commissioners: *Provided, however,* That failure of the Planning Commission or the District Commissioners to approve or disapprove in writing within sixty days after the submission by the National Capital Housing Authority shall be equivalent to a formal approval. Nothing contained in said Alley Dwelling Act or in this Act shall be interpreted as precluding the inclusion at any time of any alley or inhabited alley or alley dwelling or dwelling or square containing an inhabited alley in a project area to be planned, acquired, and disposed of under the provisions of this Act. Any real property acquired by the Agency under the authority of the Alley Dwelling Act may be transferred or may be sold or leased by the Agency as provided in this Act for real property acquired for a project area redevelopment. The National Capital Housing Authority is hereby declared to be a redevelopment company and is hereby granted the power to purchase or lease redevelopment areas or parts thereof from the Agency in accordance with the provisions of this Act. The National Capital Housing Authority shall keep regular books of account in accordance with standard auditing practices, covering all properties operated by it, showing detailed construction costs, management costs, repairs, maintenance, other operating costs, rents, subsidies, grants, allowances and exemptions; such books shall be subject to [annual] audit by the General Accounting Office; and the annual report of the National Capital Housing Authority shall include a summary of all transactions covered by such books and shall be made available to the public upon request.

SECTION 109 OF THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

GENERAL SUPPLY FUND

SEC. 109. (a) * * *

* * * * *

[(e) The Comptroller General of the United States shall make an annual audit of the General Supply Fund as of June 30, and there shall be covered into the United States Treasury as miscellaneous receipts any surplus found therein, all assets, liabilities, and prior losses considered, above the amounts transferred or appropriated to establish and maintain said fund, and the Comptroller General shall report to the Congress annually the results of the audit, together with such recommendations as he may have regarding the status and operations of the fund.]

(e) (1) *As of June 30 of each year, there shall be covered into the United States Treasury as miscellaneous receipts any surplus in the General Supply Fund, all assets, liabilities, and prior losses considered,*

above the amounts transferred or appropriated to establish and maintain said fund.

(2) The Comptroller General shall make audits of the General Supply Fund in accordance with the provisions of the Accounting and Auditing Act of 1950 and make reports on the results thereof.

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SECTION 1307 OF THE FEDERAL AVIATION ACT OF 1958

ADMINISTRATIVE POWERS OF SECRETARY

Regulatory and Settlement

SEC. 1307. (a) * * *

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Budget Program and Accounts

(f) The Secretary, in the performance of, and with respect to, the functions, powers, and duties vested in him by this title, shall prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended (59 Stat. 597; 31 U.S.C. 841). The Secretary shall maintain ~~a~~ an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with principles and procedures applicable to commercial transactions as provided by the said Government Corporation Act: *a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950: Provided*, That, because of the business activities authorized by this title, the Secretary may exercise the powers conferred in said title, perform the duties and functions, and make expenditures required in accordance with commercial practice in the aviation insurance business, and the General Accounting Office shall allow credit for such expenditures when shown to be necessary because of the nature of such authorized activities.

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SECTION 6 OF THE ACT OF AUGUST 4, 1950

AN ACT To provide for financing the operations of the Bureau of Engraving and Printing, Treasury Department, and for other purposes

* * * * *

SEC. 6. The financial transactions, accounts, and reports of the fund shall be audited on an annual basis by the ~~General Accounting Office~~ and a copy of each report on audit shall be furnished promptly to the President, the Congress, and the Secretary. *Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950.*

SECTION 4207 OF TITLE 38, UNITED STATES CODE
CHAPTER 75—VETERANS' CANTEEN SERVICE

* * * * *

§ 4207. Audit of Accounts

The Service shall maintain **[an integral]** a set of accounts which shall be audited **[annually]** by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by section 841–869 of title 31. No other audit shall be required. **]** by the *Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950.*

SECTION 432 OF THE HIGHER EDUCATION ACT OF 1965

LEGAL POWERS AND RESPONSIBILITIES

SEC. 432. (a) * * *

* * * * *

(b) The Commissioner shall, with respect to the financial operations arising by reason of this part—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act; and

(2) maintain with respect to insurance under this part **[an integral]** a set of accounts, which shall be audited **[annually]** by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act. **]** *Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950,* except that the transactions of the Commissioner, including the settlement of insurance claims and of claims for payments pursuant to section 428, and transactions related thereto and vouchers approved by the Commissioner in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.

SECTION 402 OF THE HOUSING ACT OF 1950

TITLE IV—HOUSING FOR EDUCATIONAL INSTITUTIONS

* * * * *

GENERAL PROVISIONS

SEC. 402. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Secretary notwithstanding the provisions of any other law, shall—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

(2) maintain ~~an integral~~ a set of accounts which shall be audited ~~annually~~ by the ~~General Accounting Office~~ *Comptroller General* in accordance with the ~~principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required~~ *provisions of the Accounting and Auditing Act of 1950: Provided*, That such financial transactions of the ~~Secretary~~ *Administrator* as the making of loans and vouchers approved by the ~~Secretary~~ *Administrator* in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

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SECTION 209 OF THE FEDERAL CREDIT UNION ACT

ADMINISTRATIVE PROVISIONS

SEC. 209. (a) * * *

(b) With respect to the financial operations arising by reason of this title, the Administrator shall—

(1) prepare annually and submit a business-type budget as provided for wholly owned Government corporations by the Government Corporation Control Act; and

(2) maintain an integral set of accounts, which shall be audited ~~annually~~ by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act.

SECTION 309 OF TITLE 44, UNITED STATES CODE

§ 309. Revolving fund for operation and maintenance of Government Printing Office: capitalization; reimbursements and credits; accounting and budgeting; reports

(a) * * *

* * * * *

(c) An adequate system of accounts for the fund shall be maintained on the accrual method, and financial reports prepared on the basis of the accounts. The Public Printer shall prepare and submit an annual business-type budget program for the operations under this fund. ~~The General Accounting Office shall audit the activities of the Government Printing Office and furnish an audit report annually to the Congress and the Public Printer.~~ *The Comptroller General shall audit the activities of the Government Printing Office at least once every three years and shall furnish reports of such audits to the Con-*

gress and the Public Printer. For these purposes the Comptroller General shall have such access to the records, files, personnel, and facilities of the Government Printing Office as he considers necessary.

**(EFFECTIVE ONE YEAR AFTER ENACTMENT OF THE
GENERAL ACCOUNTING OFFICE ACT OF 1974)**

SECTION 1 OF THE ACT OF OCTOBER 9, 1940

AN ACT Providing for the barring of claims against the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That every claim or demand (except a claim or demand by any State, Territory, possession or the District of Columbia) against the United States cognizable by the General Accounting Office under section 305 of the Budget and Accounting Act of June 19, 1921 (42 Stat. 24), and the Act of April 10, 1928 (45 Stat. 413), shall be forever barred unless such claim, bearing the signature and address of the claimant or of an authorized agent or attorney, shall be received in said office within [ten full] six years after the date such claim first accrued: Provided, That when a claim of any person serving in the military or naval forces of the United States accrues in time of war, or when war intervenes within five years after its accrual, such claim may be presented within five years after peace is established.

APPENDIX

TEXT OF COMMITTEE BILL AS REPORTED

This Act may be cited as the "General Accounting Office Act of 1974."

TITLE I—STATISTICAL SAMPLING PROCEDURES IN THE EXAMINATION OF VOUCHERS

SEC. 101. Subsection (a) of the Act entitled "An Act to permit the use of statistical sampling procedures in the examination of vouchers", approved August 30, 1964 (31 U.S.C. 82b-1(a)), is amended to read as follows:

"(a) Whenever the head of any department or agency of the Government or the Commissioner of the District of Columbia determines that economies will result therefrom, such agency head or the Commissioner may prescribe the use of adequate and effective statistical sampling procedures in the examination of disbursement vouchers not exceeding such amounts as may from time to time be prescribed by the Comptroller General of the United States; and no certifying or disbursing officer acting in good faith and in conformity with such procedures shall be held liable with respect to any certification or payment made by him on a voucher which was not subject to specific examination because of the prescribed statistical sampling procedure, so long as such officer and his department or agency have diligently pursued collection action to recover the illegal, improper, or incorrect payment in accordance with procedures prescribed by the Comptroller General. The Comptroller General shall include in his reviews of accounting systems an evaluation of the adequacy and effectiveness of procedures established under the authority of this Act."

TITLE II—AUDIT OF TRANSPORTATION PAYMENTS

Sec. 201. Section 322 of the Transportation Act of 1940 (49 U.S.C. 66) is amended—

(1) by striking out the first sentence of subsection (a) and inserting in lieu thereof "Payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefor prior to audit by the General Services Administration, or by any other executive agency designated by the Administrator of General Services to conduct such audit (pursuant to regulations prescribed by him) in cases involving transportation outside the continental United States or in other exceptional cases. The right

is reserved to the United States Government to deduct the amount of any overcharge by any carrier or forwarder from any amount subsequently found to be due such carrier or forwarder. The provisions of this subsection shall not affect the authority of the General Accounting Office to make audits in accordance with the Budget and Accounting Act, 1921 (31 U.S.C. 41), and the Accounting and Auditing Act of 1950 (31 U.S.C. 65).";

(2) in the second proviso of subsection (a), by striking out "cognizable by the General Accounting Office" and by striking out "received in the General Accounting Office" and inserting in lieu of the latter "received in the General Services Administration or an executive agency designated by the Administrator of General Services"; and

(3) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting the following new subsection (b):

"(b) Nothing in subsection (a) hereof shall be deemed to prevent any carrier or forwarder from requesting the Comptroller General to review the action on his claim by the General Services Administration or an executive agency designated by the Administrator of General Services. Such request shall be forever barred unless received in the General Accounting Office within six months (not including any time of war) from the date the action was taken or within the periods of limitation specified in the second proviso in subsection (a) of this section, whichever is later."

SEC. 202. (a) Incident to the transfer of functions pursuant to the amendments made by section 201 of this Act, there shall be transferred to such agency such records, property, personnel, appropriations, and other funds of the General Accounting Office as the Comptroller General and the Director of the Office of Management and Budget shall jointly determine after consultation with the Administrator of General Services and, with respect to personnel, with the Chairman of the United States Civil Service Commission.

(b) Personnel transferred pursuant to subsection (a) of this section shall not be reduced in classification or compensation for one year after such transfer, except for cause. After such one year period, each person transferred pursuant to subsection (a) shall be subject to the provisions of section 5337 of title 5, United States Code, as if such person had continued to be an employee of the General Accounting Office.

SEC. 203. The transfer of functions pursuant to the amendments made by section 201 of this Act shall be fully effected not later than July 1, 1977, or at such earlier time as is agreed upon by the Comptroller General and the Administrator of General Services. Notice of the effective date of the transfer shall be published in the Federal Register not less than thirty days in advance thereof. No transfer of personnel pursuant to this title shall be effected prior to July 1, 1975.

TITLE III—AUDIT OF NONAPPROPRIATED FUND ACTIVITIES

SEC. 301. (a) The (1) operations and funds (including central funds) of nonappropriated fund and related activities authorized or

operated by an executive agency to sell merchandise or services to military or other Government personnel and their dependents, such as the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, Exchange Councils of the National Aeronautics and Space Administration, commissaries, clubs, and theaters, (2) systems of accounting and internal controls of such funds and activities, and (3) any internal or independent audits or reviews of such funds and activities shall, unless otherwise provided by law, be subject to review by the Comptroller General of the United States in accordance with such principles and procedures and under such rules and regulations as he may prescribe. The Comptroller General and his duly authorized representatives shall have access to those books, accounts, records, documents, reports, files, and other papers, things, or property relevant to funds and activities within this subsection as are deemed necessary by the Comptroller General.

(b) When required by the Comptroller General for such nonappropriated fund and related activities with gross receipts from sales of more than \$100,000 a year as he may designate by class, or upon specific request of the Comptroller General in any other case, each executive agency shall furnish promptly a copy of the annual report of any nonappropriated fund or related activity referred to in subsection (a). If such information is not included in any activity's annual report, such agency shall also furnish a statement showing the yearly financial operations, financial condition, and cash flow, and such other annual information relating to the activity as may be agreed upon by the Comptroller General and the head of the executive agency concerned.

TITLE IV—EMPLOYMENT OF EXPERTS AND CONSULTANTS

SEC. 401. The Comptroller General may employ experts and consultants in accordance with section 3109 of title 5, United States Code, at rates not in excess of the maximum daily rate prescribed for GS-18 under section 5332 of title 5, United States Code, for persons in the Government service employed intermittently. However, ten such experts or consultants may be employed for periods not in excess of three years, at rates (or the daily equivalent thereof) not in excess of the rate prescribed for Executive level V under section 5316 of title 5, United States Code.

TITLE V—GENERAL ACCOUNTING OFFICE BUILDING

SEC. 501. Notwithstanding any other provision of law, the Comptroller General shall have exclusive custody and control over the General Accounting Office Building, including the operation, maintenance, repairs, alterations, and assignment of space therein. The Comptroller General and the head of any Federal agency may enter into agreements for space to be occupied in the General Accounting Office Building by such agency at such rates as may be agreed upon. Amounts received by the General Accounting Office pursuant to such agreements will be deposited to the appropriation initially charged for providing operation, maintenance, repair and alteration services with respect to such space.

TITLE VI—AUDIT OF GOVERNMENT CORPORATIONS

AMENDMENTS TO THE GOVERNMENT CORPORATION CONTROL ACT

SEC. 601. The Government Corporation Control Act is amended as follows:

(1) Section 105 of such Act (31 U.S.C. 850) is amended by adding at the end thereof the following sentence: "Effective July 1, 1974, each wholly owned Government corporation shall be audited at least once every three years."

(2) Section 106 of such Act (31 U.S.C. 851) is amended by striking out the first sentence and inserting in lieu thereof "A report of each audit conducted under section 105 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

(3) Section 202 of such Act (31 U.S.C. 857) is amended by adding at the end thereof the following sentence: "Effective July 1, 1974, each mixed-ownership Government corporation shall be audited as provided herein at least once in every three years."

(4) Section 203 of such Act (31 U.S.C. 858) is amended by striking out the first sentence and inserting in lieu thereof "A report of each audit conducted under section 202 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT

SEC. 602. The Federal Deposit Insurance Act is amended as follows:

(1) Section 17(b) of such Act (12 U.S.C. 1827(b)) is amended by adding at the end thereof the following sentence: "The Corporation shall be audited at least once in every three years."

(2) Section 17(c) of such Act (12 U.S.C. 1827(c)) is amended by striking out the first and second sentences and inserting in lieu thereof "A report of each audit conducted under subsection (b) of this section shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

AMENDMENT TO FEDERAL CROP INSURANCE ACT

SEC. 603. Section 513 of the Federal Crop Insurance Act (52 Stat. 76; 7 U.S.C. 1513) is amended by striking out all after the first sentence.

AMENDMENTS TO THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

SEC. 604. Section 107(g) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701y(g)) is amended by—

(1) adding the following new sentence at the end of subparagraph (1): "Such audit shall be made at least once every three years."; and

(2) striking out the first sentence in subparagraph (2) and inserting in lieu thereof "A report of each such audit shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit.".

AMENDMENT TO DISTRICT OF COLUMBIA REDEVELOPMENT ACT OF 1945

Sec. 605. Section 17 of the District of Columbia Redevelopment Act of 1945 (60 Stat. 801) is amended by striking out "annual audit" in the last sentence and inserting in lieu thereof "audit".

TITLE VII—REVISION OF ANNUAL AUDIT REQUIREMENTS

AMENDMENT TO FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

Sec. 701. Section 109(e) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 756(e)) is amended to read as follows:

"(e)(1) As of June 30 of each year, there shall be covered into the United States Treasury as miscellaneous receipts any surplus in the General Supply Fund, all assets, liabilities, and prior losses considered, above the amounts transferred or appropriated to establish and maintain said fund.

"(2) The Comptroller General shall make audits of the General Supply Fund in accordance with the provisions of the Accounting and Auditing Act of 1950 and make reports on the results thereof."

AMENDMENT TO THE FEDERAL AVIATION ACT OF 1958

Sec. 702. That part of the second sentence of section 1307(f) of the Federal Aviation Act of 1958 (49 U.S.C. 1537(f)) which precedes the proviso is amended to read as follows: "The Secretary shall maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950:".

AMENDMENT WITH RESPECT TO THE BUREAU OF ENGRAVING AND PRINTING FUND

Sec. 703. Section 6 of the Act entitled "An Act to provide for financing the operations of the Bureau of Engraving and Printing, Treasury Department, and for other purposes" (31 U.S.C. 181d) is amended by striking out "the General Accounting Office" and all that follows thereafter to the end of such section and inserting in lieu thereof "the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950."

AMENDMENT WITH RESPECT TO THE VETERANS' CANTEEN SERVICE

Sec. 704. Section 4207 of title 38, United States Code, is amended to read as follows:

"§ 4207. Audit of accounts

"The Service shall maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950.".

AMENDMENT WITH RESPECT TO THE HIGHER EDUCATION INSURED LOAN PROGRAM

SEC. 705. Section 432(b) (2) of the Higher Education Act of 1965 (20 U.S.C. 1082(b)(2)) is amended to read as follows:

"(2) maintain with respect to insurance under this part a set of accounts, which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950, except that the transactions of the Commissioner, including the settlement of insurance claims and of claims for payments pursuant to section 428, and transactions related thereto and vouchers approved by the Commissioner in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.".

AMENDMENT TO THE HOUSING ACT OF 1950

SEC. 706. Section 402(a)(2) of the Housing Act of 1950 (64 Stat. 78; 12 U.S.C. 1749a(a)(2)) is amended to read as follows:

"(2) maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950: *Provided*, That such financial transactions of the Administrator as the making of loans and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government.".

AMENDMENT TO THE FEDERAL CREDIT UNION ACT

SEC. 707. Section 209(b)(2) of the Federal Credit Union Act (12 U.S.C. 1789(b)(2)) is amended by striking out "annually".

AMENDMENT WITH RESPECT TO AUDIT OF THE GOVERNMENT PRINTING OFFICE

SEC. 708. Section 309(c) of title 44, United States Code, is amended by striking out the third sentence and inserting in lieu thereof "The Comptroller General shall audit the activities of the Government Printing Office at least once every three years and shall furnish reports of such audits to the Congress and the Public Printer.".

TITLE VIII—LIMITATION OF TIME ON CLAIMS AND DEMANDS

SEC. 801. Effective one year after enactment of this Act, section 1 of the Act of October 9, 1940 (54 Stat. 1061; 31 U.S.C. 237), is amended by striking out "ten full years" and inserting in lieu thereof "six years".

